

## Message Text

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ACTION EA-12

INFO OCT-01 EUR-12 ISO-00 AID-05 CIAE-00 COME-00 EB-08  
FRB-03 INR-10 NSAE-00 ICA-11 TRSE-00 XMB-02  
OPIC-03 SP-02 LAB-04 SIL-01 OMB-01 NSC-05 SS-15  
STR-07 CEA-01 AGRE-00 SAS-02 OES-09 DOE-15 SOE-02  
ACDA-12 ITC-01 DODE-00 PM-05 /149 W  
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TO SECSTATE WASHDC 3036  
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E.O. 11652: N/A  
TAGS: ETRD, KS, CA  
SUBJ: FIFTH CANDADA-KOREA TRADE MINISTERS MEETING, AUGUST 15-19,  
1978

BEGIN UNCLASSIFIED

SUMMARY: CANDADIAN TRADE DELEGATION LED BY MINISTER OF  
INDUSTRY, TRADE AND COMMERCE RECENTLY CONCLUDED FOUR-DAY  
MINISTERIAL MEETING WITH COUNTERPARTS IN SEOUL. CANADIANS  
EXPRESSED THEIR STRONG INTEREST IN SELLING MORE AGRICULTURAL  
GRAIN (CURRENTLY MONOPOLIZED BY US, THANKS TO PL-480 AND  
CCC CREDITS), AND NUCLEAR POWER PLANTS TO KOREA. MAIN  
SIGNIFICANCE OF MEETING FROM CANADIAN VIEWPOINT WAS DEMON-  
STRATION OF CANADA'S STEPPED-UP INTEREST IN KOREA, AS  
REFLECTED IN HIGH-LEVEL NATURE OF CANADIAN DELEGATION.  
END SUMMARY

1. ACCORDING TO JOINT COMMUNIQUE (POUCHED TO ADDRESSES BY  
AIRGRAM), DISCUSSIONS COVERED FOLLOWING MAJOR AREAS:

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A) CANADIAN CONCERNS-- CANADIAN INTERST IN OBTAINING  
QUOTE EQUAL ACCESS CONDITIONS UNQUOTE FOR SALE OF  
CANADIAN ARICULTURAL PRODUCTS IN KOREA, NOTABLY  
WHEAT, BARLEY, RAPESEED AND RAPESEED MEAL; CANADIAN  
DESIRE TO SELL MORE NUCLEAR POWER EQUIPMENT TO  
KOREA (BOTH SIDES EXPRESSED SATISFACTION AT RAPID  
PROGRESS ON CONSTRUCTION OF THE CANADIAN-SUPPLIED

NUCLEAR POWER UNIT AT WOLSUNG); CANADIAN DESIRE TO OFFSET LARGE TRADE DEFICIT VIS-A-VIS KOREA BY SELLING MORE AIRCRAFT, TELECOMMUNICATIONS EQUIPMENT, STEEL MILL MACHINERY, PETROCHEMICAL PLANTS, MINERAL EXPLORATION AND MINING EQUIPMENT, AND OTHER MANUFACTURED GOODS; AND CANADA'S HOPE THAT KOREA WOULD CONTINUE TO BUILD ON PROGRESS MADE SO FAR TOWARDS IMPORT LIBERALIZATION.

B) KOREA'S CONCERNS--KOREA EXPRESSED DESIRE FOR CANADIAN FINANCING OR JOINT VENTURE PARTICIPATION IN INVESTMENT PROJECTS IN METAL, ELECTRONICS, CHEMICAL AND MACHINERY INDUSTRIES AND PLANT ENGINEERING; NOTED WITH PLEASURE THE PROPOSAL BY CANADA'S EXPORT DEVELOPMENT CORPORATION TO DISCUSS EXPANDED LOAN ARRANGEMENTS; ALSO NOTED WITH PLEASURE THE POSSIBILITY OF ADDITIONAL SALES OF KOREAN SHIPS TO CANADA; EXPRESSED QUOTE GRAVE CONCERN UNQUOTE OVER CANADIAN TRADE RESTRICTIONS, ESPECIALLY ON TEXTILES (INCLUDING HANDBAGS) AND FOOTWEAR (CANADIANS EMPHASIZED THEY WERE TEMPORARY IN NATURE); NOTED THE BENEFITS ACCRUING TO KOREA AS A RESULT OF CANADA'S TARIFF PREFERENCE SCHEME FOR DEVELOPING COUNTRIES, AND URGED FLEXIBLE ADMINISTRATION OF THE SCHEME; EXPRESSED INTEREST IN IMPORTING CANADIAN URANIUM, COAL, LUMBER, AND PULP; AND URGED THAT CANADA PROVIDE KOREA WITH AN QUOTE ADEQUATE UNQUOTE FISHING QUOTA IN 1979.  
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C) BOTH SIDES EXPRESSED AN INTEREST IN PROMOTING JOINT VENTURES IN THIRD-COUNTRY CONSTRUCTION PROJECTS (KOREA WILL SEND A CONSTRUCTION MISSION TO CANADA LATER THIS YEAR), AND GENERALLY BOOSTING THE LEVEL OF TWO-WAY TRADE WHICH HAS ALREADY INCREASED SIXFOLD BETWEEN 1972 AND 1978. BOTH SIDES ALSO UNDERTOOK TO EXPEDITE RATIFICATION OF THE DOUBLE TAXATION AGREEMENT SIGNED IN SEOUL LAST FEBRUARY. END UNCLASSIFIED.

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2. MAIN SIGNIFICANCE OF 4-DAY MEETING, ACCORDING TO SOURCE IN CANADIAN EMBASSY, WAS HIGH-LEVEL DEMONSTRATION OF STEPPED-UP CANADIAN INTEREST IN KOREA. HORNER IS CANADA'S SENIOR ECONOMIC MINISTER AND THIS WAS FIRST LONG VISIT BY ANYONE OF HIS RANK FROM OTTAWA SINCE AT LEAST EARLY 1970'S. MOST IMPORTANT POINTS MADE, FROM CANADIAN PERSPECTIVE, WERE CANADA'S INTEREST IN SELLING MORE AGRICULTURAL PRODUCTS AND NUCLEAR POWER EQUIPMENT TO KOREA. CANADIANS RECOGNIZE THAT THEIR CHANCES OF SELLING SUBSTANTIAL QUANTITIES OF WHEAT AND BARLEY TO KOREA ARE QUOTE PRACTICALLY NIL UNQUOTE AS LONG AS US PL-480

AND CCC CREDITS ARE IN EFFECT (SEE REFTTEL); THEY NEITHER EXPECTED NOR RECEIVED ANY COMMITMENTS FROM THE ROKG IN THIS REGARD, BUT NEVERTHELESS DID WANT TO MAKE THEIR POINT. BY THE SAME TOKEN, WHILE THEY RECEIVED NO KOREAN COMMITMENTS ON FUTURE NUCLEAR COOPERATION, THEY HAD WISHED ALSO TO MAKE IT CLEAR THAT THEY ARE STILL VERY MUCH IN THE MARKET AS A SUPPLIER OF NUCLEAR POWER PLANTS.

3. THE ONE SPECIFIC ACCOMPLISHMENT OF THE CANADIAN SIDE WAS RESTORATION OF PARITY OF KOREAN TARIFFS ON RAPESEED MEAL AND SOYBEAN MEAL, A COMPETITIVE PRODUCT. TARIFFS ON BOTH WERE PREVIOUSLY EQUAL AT 30 PERCENT, BUT RECENTLY REDUCED TO 20 PERCENT FOR RAPESEED MEAL AND 5 PERCENT FOR SOYBEAN MEAL. THIS HURT CANADIAN SUPPLIERS, WHO LIMITED OFFICIAL USE

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SPECIALIZE IN RAPESEED. SPURRED BY HORNER'S VISIT, KOREANS REDUCED RAPESEED TARIFF TO 5 PERCENT AS WELL. GLEYSTEN

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## Message Attributes

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